



DEFENSE LOGISTICS AGENCY
THE DEFENSE CONTRACT MANAGEMENT COMMAND
8725 JOHN J. KINGMAN ROAD, SUITE 2533
FT. BELVOIR, VIRGINIA 22060-6221

IN REPLY
REFER TO

AQOG

NOV 26 1996

**MEMORANDUM FOR COMMANDERS, DEFENSE CONTRACT MANAGEMENT
DISTRICTS**

**SUBJECT: DCMC Memorandum No. 96-82, Lessons Learned From the Authorizing/
Accepting Shipments Benchmarking Project (INFORMATION)**

This is an INFORMATION memorandum. Target Audience: All DCMC employees associated with this process.

DCMC sponsored an Authorizing/Accepting Shipments Benchmarking Team, led by DCMDW, which benchmarked the process identified in DLAD 5000.4, Part VI, Chapter 3. After benchmarking this process, the team found that CAOs who were successfully managing the process were using the following techniques. We are forwarding them for your consideration and use as appropriate.

a. The CAOs performed validation of the database upon receipt of the contract. CAOs that perform upfront validation have less errors and greater database integrity. Rejected DD Forms 250 result in excessive man-hour expenditures in validation and correction of the database.

b. They were managing the process using MOCAS data found in the UNMC140A for the CAOs and the UNMC140B, Recap of DD250 Recycling Awaiting Action, for Districts. These reports contain the total number of DD Forms 250, line items and days aged. Analysis of the daily UNMC140A determines if an increase in recycling and days aged (elapsed) of the DD250 is occurring. These are the metrics for the process.

c. Personnel working the process were provided DFARS Appendix F and MOCAS training. It allowed for early identification of problems and enhancements to the process.

d. The transportation office provided a copy of the shipping instructions to personnel involved in the process. This provided shipping destination information for validating and updating the database. It also reduced the number of rejected DD Forms 250.

e. They used telephonic communications with contractors to expedite obtaining corrected copies of the DD Form 250. This precluded DFAS from returning the invoice to the contractor unnecessarily. This resulted in timely payment and reduced the possibility of incurred interest.

f. The successful CAOs realized several positive benefits by implementing the Operations team contract administration structure. The Operations team is explained as the total and complete ownership of each and every process associated with the contract from initial receipt to closeout. The centralized approach utilizes a central point to process contract information into MOCAS. The Operations Team approach enhanced productivity and provided performance benefits. DD Forms 250 were processed in a more timely manner, and efficiency was gained with less handling of documentation. This also provided basic contract knowledge to personnel who input DD Forms 250.

Any questions about this memorandum may be directed to Mr. John Childers, AQOG, (703) 767-2366 or DSN 427-2366, e-mail address: john_childers@hq.dla.mil.



JILL E. PETTIBONE
Executive Director
Contract Management Policy

Attachment:
DCMDW Authorizing/Accepting Shipments
Benchmarking Study, September 1996

Defense Contract Management District West Authorizing/Accepting Shipments Benchmarking Study

September 1996



**“You don’t know what you know, until
you know what you don’t know”!**

Through the benchmarking process, doors are opened and insights are recognized...resulting in significant process improvements.

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AUTHORIZING/ACCEPTING SHIPMENTS BENCHMARKING PROJECT REPORT

I. Executive Summary

The Authorizing/Accepting Shipments (A/AS) Benchmarking Project Report includes the following: Project Approach, Team Members, Current Process, Benchmark Selection Criteria, Benchmark Partner, Performance Measures, ROI and Findings/Recommendations.

A risk assessment, conducted by the DCMC Benchmarking Steering Group (BSG), identified the DLAD 5000.4, Part VI, Chapter 3, Authorizing/Accepting Shipments as a key process for benchmarking. DCMC sponsored the project with DCMDW, Operation Support Directorate taking the lead. The objective and expected outcome of the project was to select a benchmark, compare the DCMC current process performance with that of the benchmark, and identify enablers that make the benchmark's performance superior.

The A/AS Benchmarking Project Team consisted of subject matter experts from DCMDW, DCMDE, DPRA, AQOG and DFAS. To enhance input from industry's perspective, the Cubic Defense Systems, San Diego, California, provided a team member. To meet the project objective, the Team received benchmarking training and developed a project charter that included the goal, process boundaries, team member data, milestones and a proposed budget. The team leader assured all members had a complete understanding of the current process and collected the appropriate input and performance data to select potential benchmarking partners.

The Team examined input data from a survey that was conducted by all CAOs DCMC-wide in January 1996, and performance data from the Recycle Report, UNMC140B. An analysis of the survey data focused on the CAOs performance data for calendar year 1995 and the associated resources expended on input, handling complaints and correcting errors. The Recycle Report focused the number of DD Forms 250 and line items awaiting action. Days aged data (5-9 and over 10 days) for DD Forms 250 awaiting action were also examined. The results of this analysis provided the Team with 15 potential benchmarking partners. The Team used the UNMC140B to compare process performance improvement from January 1996 to May 1996. The results narrowed the potential partners to eight. Site visits to the eight potential partners resulted in identifying DCMC Syracuse as the benchmark.

DCMC Syracuse agreed to partner and compare their process flow, inputs and metrics with the current process. Partnering also included the identification of process differences and isolating process enablers that provide superior performance to the benchmark's process. The enablers that contributed to DCMC Syracuse's success include: Operation teams were established, shipping instructions provided by the Transportation Office, training given to employees/contractors, integrity of the database was established

and management support was sustained. These enablers resulted in significant improvements in database integrity and a 94% reduction in returned DD Forms 250 to the contractor.

The Findings and Recommendations are a composite of site visits and the DCMC Syracuse A/AS process. In order to meet or exceed the benchmark for the A/AS process, it is suggested that the recommendations be implemented. Recommendations provided in the report include: improve the One Book A/AS Chapter, perform up-front validation to the database, Transportation Office provide copies of shipping instructions to CAO personnel, provide training to appropriate government personnel/contractors, use the Recycling Awaiting Action Reports (UNMC140A & B) and Invoice Awaiting Origin Plant/DD250 Input Processing List (UYFD17/A), increase telephonic communications with contractors, and all CAOs establish a tracking and monitoring system to measure, analyze and manage to improve the process.

Benefits from conducting the benchmarking project, partnering with DCMC Syracuse and implementing the recommendations for the A/AS process include:

- Efficiency will increase and improve productivity.

- Interest paid to government contractors will be reduced.

- It will promote and further the institutionalization of the total quality culture (teaming, ownership, empowerment, etc.) as a way of doing business in DCMC.

In conclusion, the A/AS Benchmarking Project Report has included a proposed implementation plan (Attachment L) for improving the A/AS process DCMC-wide. Also, Lessons Learned (Attachment M) were captured by the team members to improve the benchmarking project and study process. These are provided for consideration when conducting future benchmarking projects and studies.

II. Introduction

A. Background: Through a risk assessment conducted by the DCMC Benchmarking Steering Group (BSG), the results identified DLAD 5000.4, Part VI, Chapter 3, (One Book) Authorizing/Accepting Shipments as a candidate for benchmarking. DCMC sponsored the benchmarking project with DCMDW, Operations Support Directorate volunteering to be the lead District.

The DCMC-sponsored Authorizing/Accepting Shipments (A/AS) Benchmarking Team was formed by DCMDW in November 1995. The team consisted of multi-functional personnel from DCMDW, DCMDE, DPRA, DFAS and AQOG. Benchmarking training was conducted and a project charter was developed in December 1995 (see attachment A). The project charter included team member data, an estimated budget of \$46K and milestones noting a start date of January 1996 and completion date of May 1996, revised to September 1996.

B. Purpose: The team's objective and desired/expected outcome was centered on DLAD 5000.4, (One Book) Part VI, Chapter 3, Authorizing/Accepting Shipments. Through benchmarking, the team was to identify enablers, i.e. cycle time, data integrity, etc., to significantly improve the process. Boundaries of this process and the team's efforts began at the contractor's preparation of the Materiel Inspection and Receiving Report, DD Form 250, through to the point when the document is processed into the Mechanization of Contract Administrative Services (MOCAS) database.

C. Approach: The team began the project study by meeting for five weeks as a dedicated project team. Members of the team reviewed the One Book. They collected input and performance data for a complete understanding of the current process. The process input and performance data were collected from several DCMC San Diego contractors, all DCMC CAOs, DCMC Process Improvement Mentor Workshop attendees and Defense Finance Administration Service (DFAS). The input and performance data were collected via open forum, questionnaire and survey media. Potential benchmarking partners were selected then narrowed down to eight CAOs for site visits. Analysis of the site visits resulted in the selection of DCMC Syracuse as the DCMC A/AS benchmark. Comparing the current process with DCMC Syracuse provided many of the recommendations for "significant" process improvement.

D. Team Members: The quality and expertise of the A/AS Team membership were critical factors for accomplishing the objective/outcome proposed by the benchmarking team. The team members are as follows:

JOHN CHILDERS
AQOG
Authorizing/Accepting Shipment
Process Owner

WILLIAM LUZINSKI
DCMDW-OT
Industrial Systems Analyst
Project Team Leader

JAMES (RICK) WILLIAMS

DCMC Van Nuys
Quality Assurance
Alternate Project Team Leader

TERRY NELSON

DCMDW-OP
Benchmarking Process Champion
Acting Authorizing/Accepting
Shipments Process Champion

CAROLE MAGNUSON

DLA Process and Resource Analysis (DPRA)
Management Analyst

PAT WARNER

DCMC SAN DIEGO
Acquisition Process Improvement
Specialist

STEVE DAVIS

DCMC GE, Cincinnati
Quality Assurance

MALCOM THOMAS

DCMC Van Nuys
Procurement System Analyst
Project Facilitator

KARLA HASKINS

Defense Finance Administration Service (DFAS)
MOCAS Instructor/Customer Relations Support

During the initial start-up period, the A/AS Team was joined by Ms. Jeri Biehler of Cubic Defense Systems. She provided the team with access to her operation. Ms. Biehler was also helpful in the development of a questionnaire the A/AS Team distributed to several contractors.

III. Authorizing/Accepting Shipments Benchmarking Study

A. Current Process. The current process, as referenced in DLAD 5000.4, Part VI, Chapter 3, covers general guidance on the processing of the DD Form 250. The benchmarking team studied the portion of the one book chapter covering the receipt of the DD Form 250 through MOCAS.

When material or service is presented to the Government Quality Assurance Representative (QAR), they will validate the DD Form 250 for accuracy prior to signing. Acceptable forms will be signed (source acceptance) and provided back to the contractor for distribution. The contractor distributes source and destination forms to the CAO for processing. The DD Form 250 is processed by Procurement Technicians in two different processes, Centralized group and Operations teams.

The Centralized group, composed of DD250 Input Clerks, receives the DD Forms 250 and enters the document into MOCAS. The database will validate to established records and will either accept or

reject the document. Accepted documents will generate a Shipment Performance Notice (SPN) to the issuing activity of the contract. Rejected DD Forms 250 will appear on the next day's UNMC140A recycle report for research. (See attachment B.) The Centralized group has to locate the contract, compare the hard copy DD Form 250 to the contract, contact someone on the Operations team to provide the contractual information, and determine corrective action. Several CAOs have Operations teams in outlying locations (20-50 miles) and must wait until the Operations team provides them with the contractual shipping information.

The Operations teams are composed of the following positions: Team Chief, Administrative Contracting Officer, Contract Administrator, Quality Assurance Specialist and Procurement Technician. The Operations teams follow the same input process as the Centralized group. The significant difference is how rejected DD Forms 250 are handled. The Operations teams that have the contract on site compare the hard copy DD Form 250 to the contract and perform corrective action immediately. DD Forms 250 can then be processed without unnecessary delay.

B. Benchmarking Partner Selection criteria. Selection criteria was based on information provided by CAOs from the January 1996 data call (see attachment C). Response from the CAO's was very good (78%). Fifteen CAOs were found to be potential benchmarking site visit candidates. The team selected eight CAOs for site visits based upon the number of contracts assigned and DD Forms 250 awaiting action (see attachment D, UNMC140B, Region Recap of DD250 Recycling Awaiting Action Report). Sites visited by the team were:

DCMC Stratford	DCMC San Diego
DCMC Hamilton-Standard	DCMC Hughes Tuscon
DCMC Syracuse	DCMC Seattle
DCMC Boston	DCMC San Antonio

The team members divided into teams of two or three members to visit the selected sites. The team's objective was to verify the data collected from the data call; and to collect performance data, organization charts, local procedures, customer responses, PLAS/local cost data, etc., that would help the team determine their benchmark partner. The team prepared an interview guide (see attachment E) designed to capture consistent data from each CAO visited so that comparative data collected could be fairly analyzed. Once the site visits were completed, the entire team met to determine which CAO would be the benchmark partner.

C. A/AS Benchmarking Partner. DCMC Syracuse established their "Super PT Program" in August 1994. The teams were organized as a "cradle to grave" process. This process includes the following major tasks: receiving the contract, performing surveillance, processing DD Form 250, and performing contract close-out. The skill mix of each Operations team at DCMC Syracuse is composed of the following positions: Team Chief, Administrative Contracting Officer, Contract Administrator, Quality Assurance Specialist and Procurement Technician.

Teams are assigned by geographic location using the number of contracts and line items to determine how many Procurement Technicians (PTs) would be required. The PT receives the contract, reviews the contract information in MOCAS and, when necessary, makes changes to the database to reflect accurate

data. The PTs monitor the work progress on assigned contracts for items requiring delivery. They provide contract status to requesters via correspondence, messages, FAX, or telephone. The integrity of the contract support database is maintained by PTs, assuring all information (i.e. schedules) is up to date. The Transportation Office provides a copy of the shipping instructions to the PTs. The shipping instructions provide shipping destination information for validating and updating the database.

PTs receive and analyze the DD Form 250 subsequent to entering shipping information into the database. Rejected DD Forms 250 are researched for correctness. If data is found to be from contractor error, the DD Form 250 is returned to the contractor within two work days. Other system errors are immediately corrected. When the contract is physically complete, the PT enters performance history into MOCAS. (See attachment F, Process Flow Chart)

Several key factors contributed to DCMC Syracuse's success and ultimate selection as the Authorizing/Accepting Shipments benchmark for DCMC. These factors are:

1. DCMC Syracuse disestablished their Centralized group and transitioned into Operations teams. (See Recommendation C in Section VI.)
2. The Transportation Office provides the Operations teams with a copy of the shipping instructions. This document alerts the team to update the database prior to receiving the DD Form 250 for processing. (See Recommendation E in Section VI.)
3. Aggressive training was provided to employees and contractors throughout the transition. (See Recommendation F in Section VI.)
4. The Operations teaming approach freed up the PTs time to concentrate on database integrity in lieu of doing rework. (See Recommendation C & D in Section VI.)
5. Initially, employees and contractors were skeptical of the transition to Operations teaming. However, DCMC Syracuse management was uniformly dedicated to the new structure and fully supported the transition. They provided the support and facilitation required to make the transition successful. (See Recommendation C in Section VI.)

The DD Form 250 return rate per month was between 370 and 650. These were primarily Ship To/Mark For codes that were not correct. Once the "Super PT" program began, the number of corrections to the Line Item Supply Schedule Record (LISSR) increased. When the Transportation Office started sending over alternate shipping instructions, the number of rejected DD Forms 250 for Ship To/Mark For decreased to almost zero.

A reduction of 94% in returned DD Forms 250 to the contractor has been realized since the "Super PT Program" began in August 1994. At that time, 237 DD Forms 250 were returned out of 1457 DD Forms 250 input. By July 1996, there were 14 DD Forms 250 returned compared to 1328 DD Forms 250 input. (See attachment G.)

IV. Measure, Analyze and Manage

A. Performance Measures. An analysis of current automation technology appears to be adequate for CAOs to perform and improve performance of the Authorizing/Accepting Shipments process. However, standardization of requirements by the MILSCAP Committee are integrated in MOCAS database fields. Several fields, i.e. Mark For and Unit of Measure, should be reviewed to determine value for MILSCAP. It is recommended that the MILSCAP Committee review this activity to determine the value of these fields and any others.

Analysis of the daily UNMC140A determines if an increase in recycling and days aged (elapsed) of the DD Form 250 is occurring. Information from this report provides the CAOs with insight into process performance regarding the following:

1. Are DD Forms 250 being processed within a reasonable time?
2. Is there adequate staff to perform the work?
3. Are decision points identified and appropriate?
4. Are front-line employees trained and competent when these decisions are made?
- 5.

Are priorities clear when decisions are made?

B. Performance management. Performance management of the new process output is to use the UNMC140A for the CAOs and the UNMC140B, Recap of DD250 Recycling Awaiting Action, for Districts and AQOG. These reports contain the total number of DD Forms 250, line items and days aged.

Areas to review in these reports are the number of total DD Forms 250, then the days aged. The days aged of 5-9 and 10+ could contribute to interest being incurred. This is a recommended metric for tracking rejected DD Forms 250 (see attachment H, Chart 1).

Note: The UNMC140A will require a system change request to add the Users Code to the report for DD Form 250 input.

V. Return on Investment

A. The team has found tangible and intangible return on investments as described in the following paragraphs.

Tangible. DCMC has the opportunity to assist in the reduction of interest paid to contractors. DFAS tracks approximately 40 different reason codes reflecting interest paid to Government contractors using "Reason Code Analysis Report Completed Interest Penalty Data Base". During the period October 1, 1995 through June 30, 1996, \$9.5 million in interest was paid. There are eight reason codes (see attachment I) that DCMC impacts by its actions. If these eight reason codes had been targeted for action by DCMC, a reduction of \$874,000 (9.2%) in interest paid to contractors may have occurred for

the period October 1, 1995 to June 30, 1996. The key is communication with DFAS to ask what they need and what can be done to solve problems.

Intangible. The Operations team structure gives the employees empowerment over their work. They have complete ownership of each process associated with the contract, from contract receipt through DD Form 250 processing to contract closeout. Access to the contract makes it easier to research any potential rejected DD Forms 250. This increases the accuracy of necessary information to other Government personnel and contractors regarding contractual matters. This results in DD Forms 250 being processed in a timely manner, reducing interest payments and preventing errors at the review/input level. Efficiency is gained with less handling of the DD Forms 250.

B. Government contractors would also benefit because their DD Forms 250 and invoices are processed timely. They would not have to contact the CAO or DFAS to determine why payment was not made. Resending or following up actions would be reduced, thereby lowering their overhead cost.

VI. Findings and Recommendations

A. Align “One Book” DLAD 5000.4 Part VI Chapter 3

Finding: The “One Book” flow chart (see attachment J) does not fully describe the actual Authorizing/Accepting Shipments process. The MOCAS input validation cycle (errors and corrective action) is not accurately detailed to effectively describe the true DD Form 250 error return process.

Recommendation: Revise the “One Book” Part VI Chapter 3: Authorizing/Accepting Shipments flow chart to reflect the enhanced MOCAS input validation cycle (reference attachment F). Paragraph 10 should be revised to include the procedures for addressing contractor errors. “ Paragraph 10 F, add... “If the Materiel Inspection Receiving Report DD Form 250 is in error, return the form to the contractor and/or contact them to initiate corrective action.”

B. Procedures

Finding: Some offices currently use DFAS Desk Procedure 502 or DLAM 7000.5. Others do not know that these procedures exist. Many offices follow the One Book. Those who use and follow DFAS Desk Procedure 502 have been more successful. The DFAS Desk Procedure 502 was written to assist DFAS in processing DD Forms 250. However, CAOs have not been required to follow this procedure.

Recommendations: AQOE will be receiving a new chapter for processing DD Forms 250 in DLAM 8000.3 from the FASST Team. AQOE should distribute this to all CAOs to implement. This chapter will provide step by step processing instructions and facilitate corrective action, continuity and standardization throughout DCMC.

C. Centralized Group vs. Operations Team

Finding: During the CAO benchmarking partnership site evaluations it was found that there are two separate and distinct functional structures used to perform Contract Administration Services (CAS): 1) Centralized group and, 2) the Operations team is explained as the total and complete ownership of each and every process associated with the contract from initial receipt to closeout.

1. The Centralized group structure is the least effective. It hampers communication and processing of the work throughout the organization.
 - (a.) Contracts are not readily available.
 - (b.) Other teams within the CAO must be contacted to provide support and to do research.
 - (c.) It hinders personal ownership and reduces dedication to performance.
 - (d.) It causes time delays and decreases productivity.
2. The Operations team structure is highly efficient and effective. It:
 - (a.) provides an empowered work force
 - (b.) establishes true ownership
 - (c.) increases accuracy of documentation
 - (d.) enhances research efforts
 - (e.) provides access to contractual information
3. Management support was a key factor for DCMC Syracuse's success.

Recommendation: Each organization below the "Store Front" structure should be organized in such a way as to implement the Operations team contract administration structure. It would enhance productivity and provide performance benefits DCMC wide. DD Forms 250 would be processed in a more timely manner, and efficiency would be gained with less handling of documentation. Provide basic contract knowledge to personnel who input DD Forms 250.

Provide all managers with coaching and facilitating tools and techniques through the DCMC continuous improvement Mentor Workshop.

D. Up-front Validation

Finding: Up-front validation is not being performed to the database upon receipt of the contract. CAOs that perform up-front validation have less errors and greater database integrity. Rejected DD Forms 250 result in excessive manhour expenditures in validation and correction of the database.

Recommendation: All CAOs be required to perform up-front validation. DD Forms 250 would be processed in a timely manner. This would reduce interest payments, prevent errors at the document review/input level, and improve database integrity. This will result in faster invoice payment and enhance customer satisfaction.

E. CAO Transportation Coordination

Finding: CAO Transportation personnel at DCMC Syracuse provide predelivery shipping instructions to the contractor, with a duplicate copy being sent to the appropriate team personnel prior to product delivery. Other CAO transportation personnel provide shipping instructions to the contractor, but did not provide a copy to the appropriate CAO representative. When a copy is provided to the Operations Team, the database can be updated with the correct information. This prevents document rejection and unnecessary data research.

Note: DFARS requires a contract modification when adding or changing the shipping information. In several cases, this was not being followed.

Recommendation: The Transportation office provide a copy of the shipping instructions to CAO personnel. This would provide shipping destination information for validating and updating the database. It would also reduce the number of rejected DD Forms 250.

F. Training (Government employees/contractor)

Finding: During the site visits it was noted that DD Form 250 training was not in place for government employees and/or contractors.

Database integrity is key to preventing DD Form 250 mistakes and rework. Providing consistent training to contractors and Government personnel enhances the commitment to achieve a high level of database integrity. Additional benefits from combined training provide attendees a better understanding of the process and its impact on our customers/suppliers.

Recommendation: The CAO should provide DFARS Appendix F and MOCAS training. It will allow for early identification of problems, enhancements of the process, and consistent training across DCMC.

DCMDE received a tasking from AQOE to develop a new chapter for DLAM 8000.3, Mechanization of Contract Administrative Services (MOCAS). This effort is in final preparation. The new chapter should be used for training and implementation.

G. MOCAS Output Reports

Finding: Many CAO's do not review their daily report, DD Form 250 Recycling Awaiting Action Report (UNMC140A) or the weekly report, Invoice Awaiting Origin

Plant/DD250 Input Processing (UYFD17/A list). It was found that several hundred DD Forms 250 often remain on the recycle list in excess of 10 or more days. (See attachment D.)

Recommendation: The UNMC140A and UYFD17 should be reviewed and worked on a daily basis. The new chapter to DLAM 8000.3, when distributed, should be followed in working these reports. This would reduce the invoices awaiting DD Form 250 entry actions, improve payment time and avoid accrued interest.

H. Obtaining Contractor Corrected DD Forms 250

Finding: There are two processes for obtaining contractor corrected DD Forms 250. One is to return the DD Form 250 to the contractor by US Mail. The second process is to telephone contractor, advise the contractor of the error and request a corrected copy by FAX or US Mail. Returning the DD Form 250 by US Mail requires additional handling and increases payment delays.

Recommendation: All CAO teams need to increase the use of telephonic communications with contractors to obtain corrected copies of the DD Form 250. This may preclude DFAS from returning the invoice to the contractor unnecessarily. This should result in timely payment and reduce the possibility of incurred interest.

I. Defect charts, trend charts, etc.

Finding: Only one of the eight CAOs visited tracked and monitored process performance using defect and trend analysis charts.

Recommendation: All organizations should establish a tracking and monitoring system to measure, analyze and manage the A/AS process.

J. Appendix F- Instructions to Prepare Materiel Inspection and Receiving Report

Finding: A number of inaccurate, inadequate or missing instructions were identified in DFARS Appendix F.

Recommendation: Submit the enclosed changes (see attachment K) to the FAR Council, through appropriate channels, to improve and clarify Appendix F.

K. Reason Code Analysis Report Completed Interest Penalty Data Base

Finding: DFAS generates this monthly report listing approximately 40 reason codes which track reasons for interest being paid to the contractor.

Recommendation: A copy of this report should be provided to each District on a monthly basis.

VII. Conclusion

The Authorizing/Accepting Shipments Benchmarking Team benchmarked the process. DCMC Syracuse was identified as the benchmark. Management support and following the “One Book” established policies/procedures are key elements of their success. To have a successful process, the Team recommends that CAOs provide DFARS Appendix F and MOCAS training to their personnel. We also recommend that CAOs eliminate Centralized group processing and establish Operations teams. Using this structure Procurement Technicians have ownership from contract receipt through DD Form 250 processing to contract closeout. Transition to this structure will result in a more skilled and knowledgeable workforce. It is noted that if DCMC CAOs were following current procedures and

established true teams, they would be as successful as DCMC Syracuse. When CAOs follow our recommendations

RETURN ON INVESTMENT (ROI) (ATTACHMENT I)

FROM FINDINGS: Payment Processing

TIME PERIOD: 1 October 1995 - 30 June 1996

1. Interest paid = \$874,495.61

a. Current expenditure = \$9.5 million (9.2% savings)

b. DFAS Report (Analysis Report)

- (1) AL = MILSCAP Contract Not Received by DFAS
- (2) AM = Modification - Late Receipt of Hard Copy by DFAS
- (3) AN = Contract - Late Receipt of Hard Copy by DFAS (Not MILSCAP)
- (4) AT = Delays in Receipt of Documents on Transfer-In Contracts
- (5) AX = Contract/MOD/Process Documents Not Available, Paying Office or Improperly Prepared
- (6) HL = DD250 Not Cleared From Recycle Report
- (7) HN = CAO Holding An Unprocessed DD250 (Not on Recycle)
- (8) HR = Valid Invoice Returned to Contractor in Error

<u>JW-West</u>	<u>JS-South</u>	<u>JN-North</u>	<u>TOTAL</u>
\$242,007.93	\$405,684.82	\$226,802.86	\$874,495.61

Authorizing/Accepting Shipments

TENTATIVE IMPLEMENTATION PLAN

(ATTACHMENT K)

A. Gain support for Improvement Recommendations and Change

1. Commander, DCMDW/Pete Landini
2. DCMC Executive Council (Drewes, Pettibone, Thurber & Brunk)
3. Based on approval of the Executive Council, recommended changes will be implemented

B. Goals, Tasks, Responsibilities and Schedule

Goal: 1 - Write Change to One Book	POC	Date Due
Task1: Write it	John Childers	September 1996
Task2: Incorporate into One Book	John Childers	November 1996
Goal: 2- Review, Approve & Distribute Procedure Chapter (DD250 Processing) in DLAM 8000.3		
Task 1: Review by DD250 Team	FASST Team	TBD
Task 2: Final Review & Approval	AQOE	TBD
Task 3: Distribute (w/cover letter)	TBD	TBD
Goal: 3 - Standardized Structure of DCMC Operations Teams		
Task 1: TBD	TBD	TBD
Task 2: TBD	TBD	TBD
Task 3: TBD	TBD	TBD
Goal: 4 - Insure Compliance with Existing Rules & Regulations on A/AS		
Task 1: Submit a systems change request for SPN-STAT-CD field	Bill Luzinski	October 1996
Task 2: Highlight these requirements during	DCMC/DCMDs	Ongoing

compliance reviews

Goal: 5 - Develop & Deliver Training on A/AS

Task 1: Develop training course

TBD

March 1997

Task 2: Conduct training

DCMD/CAOs

April 1997/Ongoing

Goal: 6- Manage Process by Reviewing Reports (UNMC140A, UYFD17, UNMC140B)

Task 1: Review, track and take action

DCMD/CAOs

Ongoing

Task 2: Investigate and share successes
with other CAOs

District Process
Champion

Ongoing

Goal: 7 - Submit Updates and Clarifications for Appendix F to the FAR Council

Task 1: Research process to effect changes

John Childers

September

1996

Task 2: Submit request

DCMC/DCMDW

TBD

C. Allocate Resources

POCs will obtain effective and efficient personnel to accomplish the tasks and achieve the goals as appropriate.

D. Expected Results/Desired Outcome

Successful completion of the above goals should lead to significant improvement in the Authorizing/Accepting Shipment process.

E. Future Maintenance Recommendations

Implementation begins in September 1996. A review of the process performance data in September 1998 is recommended. Based on this review, a determination will be made if the process is once again a candidate for internal or external benchmarking.

LESSONS LEARNED

(ATTACHMENT M)

(The information below should be considered as lessons learned and suggestions/recommendations only. NO effort was taken to word smith or “pretty up” this information. Our goal was to learn and grow from our experience with the benchmarking project process and as a benchmarking team.

- Benchmarking team should not embark on a project until the charter is approved
- All team members must be on site the first day the team meets
- Process Owner must be present at the beginning of the benchmarking project
- Early on, meet with contractors/customers to brainstorm and get their input
- Have a contractor representative participate as a member of the benchmarking team when a process being benchmarked involves the contractor
- It should be mandatory that DCMC-tailored benchmarking training be provided to the team prior to startup. DCMDW developed a lesson plan which has proved successful to the subsequent DCMDW-lead teams. As a result, these two teams were able to move along more efficiently and effectively
- Prepare the survey/data call during the planning phase. This assumes the charter has been approved (at least verbally by the process owner) during the first part of the week
- The benchmarking team should report their status early on in the process. This forces the team to concentrate and focus on their approach and plan their strategy
- Should have had two weeks to prepare the charter with its attachments. This would have allowed for just-in-time training, preparation of the charter and its attachments, then have enough time to plan our approach before the team convenes on site
- Data call survey needs to be more detailed as to what we expect back -- should include samples of format to use
- Well in advance, the team must decide and make arrangements for equipment and general office supplies in order for them to do their job and be able to stay in touch with other offices. They cannot always rely on a host location to provide these items. In addition, they may not be able to locate at a CAO since they may be offsite. Basic equipment needs follow:
 - Equipment, Notebook computers (2-3) equipped with the latest software, including “CCMobile”,
 - Printers (1), Copier, Telephones (1-2), Chalkboard/Whiteboard,
 - Large drawing pad with stand

---Members of the first benchmarking team could act as consultants for future benchmarking teams as a result of the knowledge gained

---Benchmarking team should have queried our DFAS member during the development of the CAO survey for possible questions from a DFAS perspective

---Benchmarking steering group should have made sure that data was present, being regularly collected, and available for analyzing for the processes selected to be benchmarked

---Team relied on data from DFAS to select CAO sites to visit. Without that data it would have been impossible to identify valid CAO sites

---Use deliverables as a source to develop questions to ask while on internal/external site visits

---One-day site visits do not give the team enough time to collect all of the required data required (deliverables) in the DCMC Benchmarking Plan

---The deliverables in the DCMC Benchmarking Plan need to be revisited by the Benchmarking Steering Group (BSG) to determine whether they are valid, realistic with examples. The team found that some deliverables, as written, were not clear or attainable. Some examples include: 1) paragraph D3 has deliverables which the team did not understand; 2) CAO process cost in paragraph D5 could not be collected from the CAOs and 3) real and personal property consumed in paragraph D7 was unattainable

---A revised/enhanced approach for the BSG and the DCMC sponsored benchmarking project needs to be considered. A thumb nail sketch is provided as follows:

The BSG - Some responsibilities of the team should shift from the development of benchmarking efforts, to one of conducting preliminary research for fiscal year DCMC sponsored projects. This research could include:

- Conduct process risk assessment (BSG currently does this) to determine potential process candidates for benchmarking

- Validates the process has been understood, measured, and improved (in other words...performance data is available)

- Use performance data and other available information to identify (through analysis) 3-6 potential benchmarking partners (org.)

- Validates/verifies the integrity of their (BSG's) analysis by communicating (telephonic, email, site visit, etc.) to the potential partners

- Analyze the results and select the benchmarking partner

- "Assuming" they (the org.) will partner (and why not?), a site visit may be necessary by a non-biased team, i.e., BSG member with 1-2 SME's, DCMC "Executive" Process Owner, District Process Champions, etc.(Note: 3-4 should attend. Not too many, not too few, but the "right" mix. Teams (1) proof/validate the process, (2) confirm the organization as the benchmarking partner (with DCMC), and (3) establish them (org.) as the benchmark.

- When the benchmarking partner kicks off the benchmarking process project/study, they provide the benchmark (org.) with their research

- "Internal" research is concluded and the BSG now conducts "external" research

- Results from the "external" are provided to team conducting study

(NOTE: The BSG will do research to assist the team(s). The goal of the BSG would be to "provide to the process team(s) all necessary/available performance data" to enhance the efficiency of the benchmarking team. This does not imply that the team is restricted from doing additional research, if necessary).

The Benchmarking Partner (Org.) - The benchmarking partner will conduct the study very similar to previous DCMC sponsored teams. However, some key events will be smarter and save costs:

- Team make up will be (preferably) members from a previous process action team (PAT) that worked to improve the process (if they are available). They completely understand, have proofed, measured and managed their process improvements. They are "one or more notches" above the SME. Regardless, the team needs a diverse mix, not much different from previous teams

- Team will study the process, compare to the 'One Book', identify best practices and enablers that make their performance superior

- Complete the "internal" study and assess "external" possibilities

Cost Savings - Savings would be realized by:

- Training: Provide DCMC tailored training with a focus on the DCMC methodology of conducting a benchmarking project/study

DCMDW-OP (with a member from DCMC Pittsburgh) have developed and tested (with favorable results) a 2 to 2 1/2 day training session.

Train “all” DCMC project teams simultaneously at beginning of fiscal year vice individual training throughout the year.

DCMC Instructors/Facilitators (possess academic and practical application experience) conduct the training and will remain with the teams for the remainder of the 1-2 week training/project planning session as facilitators/consultants

DCMC Instructors/Facilitators available for consulting during life of the project (on an as needed basis)

- Approach: Conduct the study at the benchmark (centralized) org. vice the District (decentralized) level (travel costs eliminated for 2-3 members from the org that would not need to travel)

BSG’s research/analysis of performance data, identification of benchmarking partner and the benchmark would result in the elimination of most internal site visits (travel costs reduced significantly)